

CITY OF FAIRFIELD

RESOLUTION NO. 2016 - 28

RESOLUTION OF THE CITY COUNCIL APPROVING SECOND AMENDMENT TO THE LEASE AND MANAGEMENT AGREEMENT WITH SPORTS RESTAURANT OF FAIRFIELD, INC. AND SPORTS RESTAURANT OF RANCHO SOLANO, INC. FOR THE OPERATIONS OF THE FOOD, BEVERAGE AND BANQUET SERVICE AT THE RANCHO SOLANO AND PARADISE VALLEY GOLF COURSES

WHEREAS, Sports Restaurant of Fairfield, Inc. and Sports Restaurant of Rancho Solano, Inc. (collectively, "Lessee") and the City extend the term of the lease until December 31, 2017, with an option to extend for an additional five years; and

WHEREAS, Sports Restaurant of Fairfield, Inc. and Sports Restaurant of Rancho Solano, Inc. (collectively, "Lessee") and the City will make operational changes as described in the Second Amendment.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF FAIRFIELD HEREBY RESOLVES:

Section 1. The Second Amendment to Lease and Management Agreement for Restaurant Operations is hereby approved.

Section 2. The City Manager is authorized and directed to execute the Second Amendment, substantially in the form attached, and to do all things necessary to implement this Resolution and the Second Amendment.

PASSED AND ADOPTED this 2nd day of February 2016, by the following vote:

AYES: COUNCILMEMBERS: PRICE/TIMM/BERTANI/MOY/VACCARO

NOES: COUNCILMEMBERS: NONE

ABSENT: COUNCILMEMBERS: Bertani, Moy

ABSTAIN: COUNCILMEMBERS: NONE

James F. Puno
MAYOR

ATTEST:

Karen L. Rees
CITY CLERK

pw

SECOND AMENDMENT TO LEASE AND MANAGEMENT AGREEMENT FOR RESTAURANT OPERATIONS

This SECOND AMENDMENT TO LEASE AND MANAGEMENT AGREEMENT FOR RESTAURANT OPERATIONS (the "Second Amendment"), dated as of Feb. 11, 2016, is between the CITY OF FAIRFIELD, a municipal corporation (the "City"), and SPORTS RESTAURANT OF FAIRFIELD, INC ("SRI") and SPORTS RESTAURANT OF RANCHO SOLANO, INC ("SRR") each a California corporation (collectively, SRF and SRR are referred to hereinafter as "LESSEE").

RECITALS

- A. CITY and LESSEE entered into that certain Lease and Management Agreement for Restaurant Operations dated January 1, 2009, which was amended by that certain First Amendment to Lease and Management Agreement for Restaurant Operations dated March 16, 2010 (as amended, the "Management Agreement").
- B. The City and the LESSEE desire to extend the term of the Management Agreement an additional 24 months to December 31, 2017, and to establish certain performance milestones.
- C. The City and the LESSEE agrees to report back to City Council every fourth month to provide an overview of golf operations and financial.
- D. The LESSEE understands failure of meeting the expectations of this amendment during the two years will result of no further extension of the agreement or/and termination of the agreement.
- E. The City and the LESSEE has defined Playable Days as a day the golf course is not impacted by poor climate conditions (hot, cold, rain, snow, wind) or due to regular maintenance practices (greens aerification) or weather carryover (standing water, soft and muddy conditions) or a forecast of precipitation.

AGREEMENT

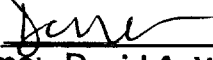
NOW, THEREFORE, for good and valuable considerations, the receipt and sufficiency of which is acknowledge by both parties, the City and Operator agree as follows:

- 1. The foregoing Recitals are incorporated herein by this reference.
- 2. The LESSEE will work cooperatively with KemperSports Management Inc. (manager of the golf courses) to increase usage of the City's golf courses, to increase revenue, and eliminate City's subsidies.
- 3. The LESSEE will increase weddings, banquets and tournament revenue by per playable days by eight percent (8%) above the previous year starting with

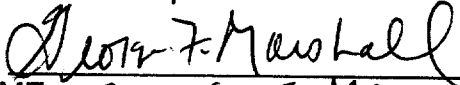
2014/15 fiscal year as a benchmark. The LESSEE will be required to report specific numbers for each area of growth in part for their quarterly report.

4. Each year, the LESSEE will increase grill and cart sales revenue by three percent (3%) above the previous fiscal year starting with 2014/15 fiscal year as a benchmark and tied to playable days and golf rounds.
5. The Public Works Director is authorized, in his or her sole discretion, to extend the term of the Management Agreement an additional 60 months upon the same terms and conditions, including negotiated adjustments to the performance milestones if warranted.
6. Except as expressly set forth in this Second Amendment, all of the provisions of the Management Agreement shall remain in full force and effect.

CITY:
CITY OF FAIRFIELD
a municipal corporation

By: 
Name: David A. White
Its: City Manager

LESSEE:
SPORTS RESTAURANT OF FAIRFIELD, INC.
a California corporation

By: 
NAME: GEORGE F. MARSHALL
Its: PRESIDENT

SPORTS RESTAURANT OF RANCHO
SOLANO, INC., a California corporation

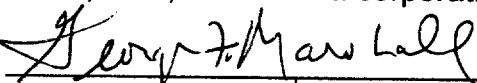
By: 
Name: GEORGE F. MARSHALL
Its: PRESIDENT

Exhibit A

KemperSports

| Amendment Section | Improvement Areas | Average Benchmark | 2015/2016 1st Goals | 2016/2017 2nd Goals |
|------------------------------|--------------------------------------|------------------------------|--------------------------------|--------------------------------|
| 3 | Revenue Generated Golf Rounds | | | |
| | | \$ 91,000.00 | Rounds 92,820.00 | Rounds 94,676.00 |
| | | | Revenue | Revenue |
| | | \$ 2,417,000.00 | \$ 2,558,119.00 | \$ 2,609,271.00 |
| 4 | Tournament Play | | | |
| | | Revenue | Revenue | Revenue |
| | | \$ 736,000.00 | \$ 773,000.00 | \$ 811,000.00 |
| 5 | Youth Golf Programs | | | |
| | | Rounds | Rounds | Rounds |
| | | \$ 1,936.00 | \$ 2,033.00 | \$ 2,135.00 |
| | | Revenue | Revenue | Revenue |
| | | \$ 10,000.00 | \$ 10,500.00 | \$ 11,025.00 |
| 6 | Women's Golf Program | | | |
| | | Rounds | Rounds | Rounds |
| | | \$ 1,214.00 | \$ 1,275.00 | \$ 1,339.00 |
| | | Revenue | Revenue | Revenue |
| | | \$ 44,500.00 | \$ 46,725.00 | \$ 49,061.00 |
| | TOTAL | \$ 3,207,500.00 | \$ 3,388,344.00 | \$ 3,480,357.00 |

Sports Restaurant Inc.

| | | | | |
|----------|-----------------------------------|------------------------|------------------------|------------------------|
| 3 | Wedding/Banquet/Tournament | Gross Sales | Gross Sales | Gross Sales |
| | | \$ 1,087,794.00 | \$ 1,179,817.00 | \$ 1,268,802.00 |
| 4 | Grill and Cart Sales | Gross Sales | Gross Sales | Gross Sales |
| | | \$ 2,119,241.00 | \$ 2,182,818.00 | \$ 2,248,302.00 |
| | | | | |
| | TOTAL RENT TO CITY | \$ 3,212,666.00 | \$ 3,388,031.00 | \$ 3,544,603.00 |

City Subsidies

\$ 300,000.00

\$ 102,391.00

-

FIRST AMENDMENT

THIS FIRST AMENDMENT TO LEASE AND MANAGEMENT AGREEMENT FOR RESTAURANT OPERATIONS (the "Amendment"), is made and entered into as of January 1, 2010, 2010 (the "Effective Date") by and between the CITY OF FAIRFIELD, a municipal corporation (the "City"), SPORTS RESTAURANT OF FAIRFIELD, INC. ("SRF") and SPORTS RESTAURANT OF RANCHO SOLANO, INC. ("SRR"), each a California corporation (collectively, SRF and SRR are referred to hereinafter as "LESSEE").

RECITALS

A. On or about January 1, 2009, City and Lessee entered into that certain Lease and Management Agreement for Restaurant Operations (the "Lease").

B. Under Section 6.2 of the Lease, Lessee was required to complete certain capital improvements by December 31, 2009.

C. LESSEE has indicated that mitigating circumstances prevented completion of the capital improvements in the first year. Mitigating circumstances include, but are not limited to, general business conditions, including a decline in the number of rounds played, and other circumstances, whether of like or unlike nature, which have negatively affected the revenues of LESSEE. These negative economic conditions have made financing of the improvements impossible at this time.

D. Lessee was not able to complete the improvements by that date, and the parties have agreed to amend the Lease to extend the deadline on the terms and conditions described below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, City and Lessee agree as follows:

1. The foregoing Recitals are expressly approved and incorporated herein by this reference.

2. The deadline in Section 6.2 of the Lease to complete the Capital Improvements in Exhibit E is hereby extended to December 31, 2010.

3. LESSEE shall submit to City no later than April 1, 2010 the marketing plan required by Section 8.5 of the Lease.

4. No later than June 1, 2010, LESSEE shall submit to City a detailed schedule, workplan, and financing plan for the Capital Improvements, and the parties shall meet and confer to review that timetable no later than July 1, 2010. At this meeting, the City may consider extending the date to complete the Capital Improvements upon LESSEE's demonstration that mitigating circumstances will prevent completion of the Capital Improvements by December 31, 2010.

5. Except as expressly set forth in this Amendment, all of the provisions of the Agreement shall remain in full force and effect.

CITY:

CITY OF FAIRFIELD,
a municipal corporation

By: [Signature]
Name: Sean P. Quinn
Its: City Manager

LESSEE:

SPORTS RESTAURANT OF
FAIRFIELD, INC., a California corporation

By: [Signature]
Name: [Name]
Its: [Title]

SPORTS RESTAURANT OF RANCHO
SOLANO, INC., a California corporation

By: [Signature]
Name: [Name]
Its: [Title]